



31 March 2008

Company Announcements Office
Australian Stock Exchange
Exchange Centre
Level 6, 20 Bridge Street
SYDNEY NSW 2000

Via Electronic Lodgement

ENTITLEMENTS ISSUE PROSPECTUS

Gage Roads Brewing Co wishes to confirm that the attached Letter to Shareholders, Entitlement Issue Prospectus and Entitlement and Acceptance Form has been dispatched to shareholders today.

-END-

For further information please contact:

John Hoedemaker
Company Secretary
Gage Roads Brewing Co Ltd

Tel: (08) 9331 2300

AUSTRALIA'S CRAFT BREWERY

GAGE ROADS BREWING CO LTD
ABN 22 103 014 320

14 ABSOLON STREET PALMYRA WESTERN AUSTRALIA 6157 PO BOX 2024 PALMYRA DC WESTERN AUSTRALIA 6961
TELEPHONE: (08) 9331 2300 FACSIMILE: (08) 9331 2400 EMAIL: brewery@gageroads.com.au WEB: www.gageroads.com.au



31 March 2008

Dear Shareholder

Please find attached a Prospectus that invites you to take up your entitlement in the Company's recently announced capital raising.

Your Board is encouraged by the many positive results that have occurred in recent weeks and months as we work with the Gage Roads team to implement the new strategic direction for the Company.

Recent improvements such as the new taste profile of the Premium Lager and the new marketing campaign "Take a Different Road – Gage Roads" have been well received by consumers. Sales of the Premium Lager have grown strongly its launch in October 2007.

The Company's new product development strategy is also well advanced with the recent release of New World Wheat as part of the Gage Roads World Tour and the imminent release of Wahoo, a 4.6% easy drinking ale designed to target a slightly younger and different demographic. Though accelerated new product development including diversification into other styles of beverages the Company expects to double its core range of products within 24 months.

Whilst the tasks at hand are challenging, we have great confidence in the group of people that work in the business and we look forward to being able to bring you more good news about your Company in the future.

Your Board recommends that you read the prospectus carefully and take up your entitlement to take advantage of the offer and to further the new strategic direction of your Company.

Yours sincerely

A handwritten signature in black ink, appearing to read "Ian Olson". The signature is stylized with a large loop and a long horizontal stroke at the end.

Ian Olson
Chairman

AUSTRALIA'S CRAFT BREWERY

GAGE ROADS BREWING CO LTD
ABN 22 103 014 320

GAGE ROADS BREWING CO LIMITED

ACN 103 014 320

ENTITLEMENT ISSUE PROSPECTUS

For a non-renounceable entitlement issue of one (1) Share for every one (1) Share held by Shareholders registered at 5.00pm (WST) on 26 March 2008 at an issue price of 8 cents per Share.

IMPORTANT NOTICE

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the securities being offered under this Prospectus or any other matter, you should consult your stockbroker, accountant or other professional adviser.

The securities offered by this Prospectus should be considered as speculative.

This Offer opens on 31 March 2008 and closes at 5:00pm WST on 14 April 2008.

Valid acceptances must be received before that time.

Please read the instructions in this document and on the accompanying Entitlement and Acceptance Form regarding the acceptance of your Entitlement.

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TIMETABLE AND IMPORTANT DATES

Lodgement of Prospectus with the ASIC	13 March 2008
Notice to Shareholders	17 March 2008
Ex Date	18 March 2008
Record Date for determining Shareholder entitlements	26 March 2008
Opening Date and despatch of Prospectus to Shareholders	31 March 2008
Closing Date of Offers	14 April 2008
Shares quoted on a deferred settlement basis	15 April 2008
Allotment and dispatch of holding statements	22 April 2008

* These dates are determined based upon the current expectations of the Directors and may be changed without notice.

IMPORTANT INFORMATION

Investors should read this document in its entirety and, if in doubt, should consult their professional advisers before deciding whether to apply for Shares offered under this Prospectus.

This Prospectus is dated 13 March 2008 and a copy of this Prospectus was lodged with the ASIC on that date. The ASIC and ASX take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

The Expiry Date of the Prospectus is the date that is 13 months after the date of this Prospectus (**Expiry Date**). No Shares will be allotted or issued on the basis of this Prospectus after the Expiry Date.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in the Prospectus.

No person named in this Prospectus, nor any other person, guarantees the performance of the Company or the payment of a return on the Shares. Please read this document carefully before you make a decision to accept the Offer. An investment in the Company has specific risks which you should consider before making a decision to invest.

Certain terms and abbreviations used in this Prospectus have defined meanings which are set out in the Glossary.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

Electronic Prospectus

This Prospectus will be issued as an electronic prospectus. The offer of Shares pursuant to this Prospectus is available to persons receiving an electronic version of this Prospectus within Australia. The Corporations Act prohibits any person from passing to another person an Entitlement and Acceptance Form unless it is attached to or accompanies the complete and unaltered version of this Prospectus. The Prospectus may be viewed online at: www.gageroads.com.au.

CORPORATE DIRECTORY

Directors

Mr Ian Olson (Chairman, Non Exec. Director)
Mr Brett Fraser (Non Exec. Director)
Mr Robert Gould (Non Exec. Director)
Mr John Hoedemaker (Director, CFO)
Mr Bill Hoedemaker (Director)
Mr Paul McKenzie (Non Exec. Director)

Registered Office

14 Absolon Street
PALMYRA WA 6157

Telephone: (08) 9331 2300
Facsimile: (08) 9331 2400

Chief Executive Officer

Mr Nick Hayler

Company Secretary

Mr John Hoedemaker

Solicitors to the Company

Steinepreis Paganin
Level 4, Next Building
16 Milligan Street
PERTH WA 6000

Share Registry*

Computershare Investor Services Pty Ltd
GPO Box D182, Perth, WA 6840
Level 2, Reserve Bank Building
45 St Georges Terrace
PERTH WA 6000

Auditors*

BDO Kendalls Audit &
Assurance (WA) Pty Ltd
128 Hay Street
SUBIACO WA 6008

Shareholder Enquiries: 1300 798 285

Stock Exchange*

ASX Limited
Exchange Plaza
2 The Esplanade
PERTH WA 6000

ASX Code: GRB

* These entities have not been involved in the preparation of this Prospectus and have not consented to being named in this Prospectus. Their names are included for information purposes only.

CHAIRMAN'S LETTER

Dear Shareholder

The Board is pleased to offer Shareholders the opportunity to participate in a pro-rata 1 for 1 non-renounceable entitlement issue of Shares at an issue price of 8 cents per Share in your Company.

All Shareholders registered as at 5.00pm on 26th March 2008 are entitled to participate in the entitlement issue of Shares, on the basis of 1 Share for every 1 Share held. The Closing Date for acceptances is 5.00 pm WST on 14 April 2008.

As you are aware, the first half of the current financial year saw the emergence of a number of challenges which required fundamental changes to the operations of your Company. These include improvements to the taste profile of the Premium Lager, a new marketing campaign that appeals more to our targeted consumer demographic, and development of a range of new brands.

In addition, a transition to a new leadership team at both management and board levels was achieved. The new CEO and directors have the experience and commitment to achieve profitability as the key priority of the Company.

Since the launch of the new Premium Lager and the "Take a Different Road – Gage Roads" marketing campaign in October 2007, sales of Premium Lager have tracked strongly upwards. Feedback on the new flavour profile of the Premium Lager has been positive and robust, and has been reflected in sales. The new marketing campaign is designed to run for 3-5 years to ensure maximum cost effectiveness and sales impact. It has been well received by consumers, trade and the media.

Through accelerated new product development, expected to double the Company's core range of products over the next 24 months, and the development of a directly employed market activation team improving the sales execution of both current and potential customers, the plan addresses the need to drive not only volume per outlet but also the total number of outlets to reach a total volume that utilises more of the current installed capacity.

While the distribution partnership with the Hardy Wine Company continues to develop, areas of opportunity have been identified in terms of exclusive representation especially on the east coast and at a national chain level. Gage Roads has employed Activation Managers in New South Wales, Queensland and is recruiting in Victoria to assist in improving the execution in existing outlets, to drive rapid expansion into new outlets and to communicate at all levels the unique selling propositions of our new range of products.

The Directors are excited by the potential that Gage Roads has in terms of capacity, the commitment and capability of employees, and the fast growing segment within which it is placed. Since becoming CEO on the 30th of October 2007, Nick Hayler and his management team have worked with your Board to develop a comprehensive strategic plan, which is expected to drive the Company to profitability within 24 months.

The funds raised are intended to ensure the Company has sufficient working capital and the financial flexibility required to implement the new strategic business plan.

Investors should be aware that subscribing for Shares involves a number of specific risks, including risks associated with potential requirements for additional funding and demand for and competition with the Company's products. Details of these specific risks are set out in Section 4 of this Prospectus.

The new strategic business plan encompasses 6 transparent and demonstrable steps which are expected to be achieved by December 2009:

1. Increase volume to 3 million litres.
2. Increase volume per outlet.
3. Increase the outlet base.
4. Double the core range of premium beverage brands through accelerated new product development.
5. Support the Hardy Wine Company and improve our management of both current and potential customers by employing an expanded sales force including Key Account Managers and Activation Managers in New South Wales, Queensland and Victoria.
6. Continue to brew award winning beer.

Your Company will report on the achievements of these benchmarks on a quarterly basis.

Whilst it would be desirable to raise capital at a higher price than that which currently prevails, the Directors feel the Offer provides Shareholders and investors with exceptional value in the current market.

The Directors recommend that Shareholders read this Prospectus carefully and participate in their entitlement to take advantage of this Offer and to further the objectives of your Company.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Ian Olson', with a stylized flourish at the end.

Ian Olson
Chairman

SECTION 1

1. DETAILS OF THE OFFER

1.1 Offer of Shares

The Offer is being made as a non-renounceable entitlement issue of one (1) Share for every one (1) Share held by Shareholders registered at 5.00pm on 26 March 2008 at an issue price of 8 cents per Share. Fractional entitlements will be rounded up to the nearest whole number.

Based on the capital structure of the Company (and assuming no existing Options are exercised prior to the Record Date), the maximum number of Shares to be issued pursuant to this Offer is approximately 51,224,877. The Offer will raise up to approximately \$4,100,000.

The funds raised will provide the Company with sufficient working capital and the financial flexibility required to implement a new strategic business plan which has the principal objective of achieving profitability within the next 24 months. The purpose of the Offer and the use of funds raised are set out in Section 2.1 of this Prospectus.

The Company currently has 6,850,000 Options on issue. The terms and conditions of these Options do not allow for the participation by those Option holders in new issues of securities. Those Option holders will, however, be entitled to exercise their Options during the time period set out in the ASX Listing Rules in order to participate in the Offer.

1.2 How to Accept the Offer

Your acceptance of the Offer must be made on the Entitlement and Acceptance Form accompanying this Prospectus. Your acceptance must not exceed your Entitlement as shown on that form. If it does, your acceptance will be deemed to be for the maximum Entitlement.

You may participate in the Offer as follows:

- (a) if you wish to accept your Entitlement in full:
 - (i) complete the Entitlement and Acceptance Form, filling in the details in the spaces provided; and
 - (ii) attach your cheque for the amount indicated on the Entitlement and Acceptance Form; or
- (b) if you only wish to accept part of your Entitlement:
 - (i) fill in the number of Shares you wish to accept in the space provided on the Entitlement and Acceptance Form; and
 - (ii) attach your cheque for the appropriate application monies (at 8 cents per Share); or
- (c) if you do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to "Gage Roads Brewing Co Limited – Entitlement Offer Account" and crossed "Not Negotiable".

Your completed Entitlement and Acceptance Form, together with your cheque, must be forwarded to:

Computershare Investor Services Pty Ltd
GPO Box D182
Perth, WA 6840

and must be received no later than 5pm WST on the Closing Date.

The Offer is non-renounceable. Accordingly, a holder of Shares may not sell or transfer all or part of their Entitlement.

1.3 Shortfall

The Company reserves the right, within three (3) months of the Closing Date, to allot and issue some or all of the Shortfall at the discretion of the Directors on a progressive basis. Do **not** complete a Shortfall Application Form unless you are directed to do so by one of the Directors.

The offer of Shares under the Shortfall is independent from the Offer and will remain open after the Offer has closed for a period not exceeding 3 months.

1.4 Minimum Subscription

There is no minimum subscription.

1.5 ASX Listing

Application for official quotation by ASX of the Shares offered pursuant to this Prospectus will be made within 7 days of the date of this Prospectus. If approval is not obtained from ASX before the expiration of 3 months after the date of issue of the Prospectus, (or such period as varied by the ASIC), the Company will not issue any Shares and will repay all application monies for the Shares within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant official quotation to the Shares is not to be taken in any way as an indication of the merits of the Company or the Shares now offered for subscription.

1.6 Allotment of Shares

All Shares offered pursuant to this Prospectus will be allotted as soon as practicable after the Closing Date. Where the number of Shares issued is less than the number applied for, or where no allotment is made, surplus application monies will be refunded without any interest to the applicant as soon as practicable after the Closing Date.

Pending the allotment and issue of the Shares or payment of refunds pursuant to this Prospectus, all application monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

1.7 Market price of Shares on ASX

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest and lowest market sale prices of the Company's Shares on ASX during the 3 months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

- (a) Highest - 13 cents on 5 February 2008 and
- (b) Lowest - 8 cents on 12 March 2008.

The latest available closing sale price of the Company's Shares on ASX prior to the lodgement of this Prospectus with the ASIC was \$0.08 per Share on 12 March 2008.

1.8 Electronic Prospectus

This Prospectus will be issued in paper form and as an electronic prospectus. The Offer constituted by this Prospectus in electronic form is available only to persons receiving this Prospectus or accompanying Entitlement and Acceptance Form in electronic form within Australia. The Corporations Act prohibits any person from passing onto another person the Entitlement and Acceptance Form unless it is attached to or accompanied by a complete and unaltered version of this Prospectus. Whilst the Offer is open, any person may obtain a hard copy of this Prospectus by contacting the Company using the contact details set out in this Prospectus.

1.9 Taxation Implications

The Directors do not consider that it is appropriate to give potential Applicants advice regarding the taxation consequences of applying for Shares under this Prospectus, as it is not possible to provide a comprehensive summary of the possible taxation consequences. The Company, its advisers and officers, do not accept any responsibility or liability for any taxation consequences to potential applicants. Applicants should, therefore, consult their own professional tax adviser in connection with the taxation implications of the Offer.

1.10 Clearing House Electronic Sub-Register System (CHESS) and Issuer Sponsorship

The Company will not be issuing Share certificates. The Company will apply to ASX to participate in CHESS, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of Shares allotted to them under this Prospectus. The notice will also advise holders of their Holder Identification Number (HIN) and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Further monthly statements will be provided to holders in circumstances in which there have been any changes in their security holding in the Company during the preceding month.

1.11 Privacy Act

If you complete an application for Shares, you will be providing personal information to the Company (directly or by the Company's Share Registry). The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company Share Registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its Share Registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (as amended), the Corporations Act and certain rules such as the ASTC Settlement Rules. You should note that if you do not provide the information required on the application for Shares, the Company may not be able to accept or process your application.

1.12 Overseas Shareholders

Only Shareholders who are registered as at 5.00 pm WST on the Record Date with registered addresses in Australia and New Zealand will be able to participate in the Offer. To make the Offer in any other jurisdiction may constitute a violation of application securities laws. The Directors believe that it is unreasonable to make the Offer to Foreign Shareholders, having had regard to the number of Shareholders in the relevant jurisdictions, the number and value of Shares those Shareholders would be offered and the cost of complying with the securities legislation of those jurisdictions.

Accordingly, the Offer is not being made, and no Shares will be issued to, any Shareholders whose registered address is in a country other than Australia or New Zealand. This Prospectus is being sent to Foreign Shareholders for information purposes only. No Entitlement and Acceptance Form will be sent to Foreign Shareholders.

1.13 Risk Factors

Prospective investors in the Company should be aware that subscribing for Shares the subject of this Prospectus involves a number of specific risks, including:

- (a) demand;
- (b) competition;
- (c) acquisitions, joint ventures and Shareholder dilution;
- (d) intellectual property;
- (e) brand factors;
- (f) third party risk; and

(g) requirements for additional funding.

Details of these specific risks and other general risks are set out in Section 4 of this Prospectus and investors are urged to consider those risks carefully (and, if necessary, consult their professional adviser) before deciding whether to invest in the Company.

The risk factors set out in Section 4 of this Prospectus, and other general risks applicable to all investments in listed securities not specifically referred to, may in the future affect the value of the Shares. Accordingly, an investment in the Company should be considered highly speculative.

1.14 Enquiries

Enquiries concerning the Entitlement and Acceptance Form can be made by contacting Computershare Investor Services Pty Ltd by telephone on 1300 798 285.

Any questions concerning the Offer should be directed to the Company Secretary, Mr John Hoedemaker, on (08) 9331 2300.

SECTION 2

2. PURPOSE AND EFFECT OF THE OFFER

2.1 Purpose of the Offer and Use of Funds Raised

The purpose of the Offer is to raise approximately \$4,100,000 (before expenses of the Offer). The funds raised from the Offer will be used to fund the Company's activities including:

- (a) Implementation of a new strategic business plan which has the principal objective of achieving profitability within the next 24 months;
- (b) working capital and to pursue new and relevant opportunities; and
- (c) cash expenses of the Offer.

The estimated use of the proceeds of the Offer will be as follows:

USE OF FUNDS

Indicative Application of Funds	Amount (\$)
East coast activation team	1,500,000
Marketing expenditure	1,000,000
Capital expenditure	500,000
Additional working capital	900,000
Expenses of the Offer	200,000
Total	4,100,000

In the event that the Offer is not fully subscribed, the funds raised pursuant to the Offer will be first applied towards the Expenses of the Offer and then the above amounts will be scaled back pro rata.

2.2 Effect of the Offer

The principal effect of the Offer (assuming the Offer is fully subscribed) will be to:

- (a) increase cash reserves by approximately \$3,900,000 after deducting estimated expenses of the Offer and assuming all Shares offered under this Prospectus are issued; and
- (b) increase the number of Shares on issue from 51,224,877 as at the date of this Prospectus to approximately 102,449,754 Shares.

2.3 Statement of Financial Position

Set out below is:

- (a) an unaudited consolidated statement of financial position of the Company as at 31 December 2007; and
- (b) an unaudited pro-forma consolidated statement of financial position of the Company as at 31 December 2007 incorporating and assuming:
 - (i) the payment of costs of the Offer of \$200,000 (which are payable from the proceeds of the Offer); and
 - (iii) the Offer of approximately 51,224,877 Shares to raise approximately \$4,100,000.

Gage Roads Brewing Co Limited
PRO-FORMA STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2007

	Audit Reviewed 31-Dec-07 \$	Entitlements Issue Adjustments \$	Pro Forma 31-Dec-07 \$
ASSETS			
Current assets			
Cash and cash equivalents	1,960,911	3,900,000	5,860,911
Trade and other receivables	263,479	-	263,479
Inventories	368,184	-	368,184
Total current assets	<u>2,592,574</u>	<u>3,900,000</u>	<u>6,492,574</u>
Non-current assets			
Property, plant and equipment	2,310,899	-	2,310,899
Intangible assets	3,769	-	3,769
Other	67,839	-	67,839
Total non-current assets	<u>2,382,507</u>	<u>-</u>	<u>2,382,507</u>
Total assets	<u>4,975,081</u>	<u>3,900,000</u>	<u>8,875,081</u>
LIABILITIES			
Current liabilities			
Trade and other payables	1,067,298	-	1,067,298
Borrowings	161,432	-	161,432
Provisions	53,155	-	53,155
Total current liabilities	<u>1,281,885</u>	<u>-</u>	<u>1,281,885</u>
Non-current liabilities			
Borrowings	356,796	-	356,796
Total non-current liabilities	<u>356,796</u>	<u>-</u>	<u>356,796</u>
Total liabilities	<u>1,638,681</u>	<u>-</u>	<u>1,638,681</u>
Net assets	<u>3,336,400</u>	<u>3,900,000</u>	<u>7,236,400</u>
EQUITY			
Contributed equity	11,516,972	3,900,000	15,416,972
Share options reserve	260,749	-	260,749
Accumulated losses	(8,441,321)	-	(8,441,321)
Total equity	<u>3,336,400</u>	<u>3,900,000</u>	<u>7,236,400</u>

2.4 Pro Forma Capital Structure of the Company

Upon completion of the Offer of Shares under this Prospectus (and assuming the Offer is fully subscribed), the capital structure of the Company will be:

Shares	Number
Shares on issue as at the date of this Prospectus	51,224,877
Shares offered pursuant to this Prospectus	51,224,877*
Total Number of Shares on issue on completion of the Offer	102,449,754*
*assumes that no options are issued prior to the completion of the Offer	

Unlisted Options		
Expiry Date	Exercise Price	Number
4 December 2011	50 cents	3,850,000
12 July 2012	40 cents	750,000
19 December 2012	20 cents	750,000
19 December 2012	30 cents	750,000
19 December 2012	40 cents	750,000
Total		6,850,000

SECTION 3

3. RIGHTS AND LIABILITIES ATTACHING TO SHARES

The following is a summary of the more significant rights and liabilities attaching to Shares. Full details of the rights attaching to Shares are set out in the Company's Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

The rights, privileges and restrictions attaching to Shares can be summarised as follows:

(a) **Notice of Meetings**

Each Shareholder is entitled to receive notice of general meetings of the Company. Except in certain circumstances, Shareholders are entitled to be present in person, or by proxy, attorney or representative to speak or to vote at general meetings of the Company or to join in demanding a poll. Shareholders may requisition general meetings in accordance with the Corporations Act.

(b) **Voting**

At a general meeting, on a show of hands, every person present who is either a member, a proxy, an attorney or a representative of a Shareholder has one vote. At the taking of a poll, every Shareholder present in person or by proxy, attorney or representative has one vote for each Share held.

(c) **Dividends**

The Directors may from time to time authorise and pay dividends out of the profits of the Company. Dividends are payable in proportion to the number of Shares held by Shareholders.

(d) **Winding Up**

If the Company is wound up, the liquidator may, with the sanction of a special resolution, divide among the Shareholders the whole or any part of the property of the Company. The liquidator may also, with the sanction of a special resolution, vest the whole or any part of the property in a trustee on trust for Shareholders.

(e) **Transfer of Shares**

A Shareholder may transfer Shares by a written transfer or by a transfer effected under a computerised or electronic system recognised by the Listing Rules or by the Corporations Act. The Directors may refuse to register a transfer of Shares where the Listing Rules permit the Company to do so. On any refusal to register a transfer of Shares, the Company must give written notice to the transferee and the reasons for the refusal.

(f) **Allotment of Shares**

The Directors may, subject to the Constitution, allot new Shares with such terms and conditions as they think fit.

SECTION 4

4. RISK FACTORS

4.1 Introduction

An investment in the Company is not risk free and prospective new investors should consider the risk factors described below, together with information contained elsewhere in this Prospectus, before deciding whether to apply for Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

4.2 Specific Risk Factors

Demand

The Company operates within the consumer goods sector in which demand for its products is subject to changes in consumer preferences and tastes. The nature of the business is such that its revenues are not secured and may fluctuate significantly over time. Any significant decrease in demand, and accordingly in sales volumes, would be likely to have a material adverse effect on the profitability of the Company.

Competition

The Company competes with a wide range of participants in the brewing industry. There can be no assurance that the actions or competitors or changes in consumer preferences will not adversely affect the Company's performance. It is also possible that new competitors will enter the brewing (particularly in the premium brewing segment where there have been a number of recent new entrants) and this also may adversely affect the Company's performance.

Acquisitions, Joint Ventures and Shareholder Dilution

The Company may assess strategic acquisitions and joint ventures as one of its growth strategies. The Company may pursue strategic acquisitions of businesses that complement its existing business. There can be no assurance that the Company will be able to successfully identify and implement such opportunities, acquire or integrate such businesses.

The consideration payable in respect of any such acquisition may consist wholly or partly of new Shares issued to the vendors, in which case the shareholdings of existing Shareholders will be diluted. Further, the Company may seek to raise additional capital, in order to fund acquisitions, or for other purposes, by new issues of Shares. This would also have the effect of diluting the shareholdings of existing Shareholders. The Company may also elect to fund acquisitions using existing or new bank facilities. The Directors will adopt prudent financial practices in assessing the appropriate funding mix.

Intellectual Property

The Company's commercial success depends in part on its ability to protect its intellectual property assets. The commercial value of these assets is dependent on legal protections provided by a combination of copyright, patent, confidentiality, trade mark, trade secrecy laws and other intellectual property rights. These legal mechanisms, however, do not guarantee that the intellectual property will be protected or that the Company's competitive position will be maintained. No assurance can be given that employees or third parties will not breach confidentiality agreements, infringe or misappropriate the Company's intellectual property or that competitors will not be able to produce non-infringing competitive products.

It is possible that third parties may assert intellectual property infringement, unfair competition or like claims against the Company under copyright, trade secret, patent or other laws. While the Company is not aware of any claims of this nature in relation to any of the intellectual property rights in which it has interests, such claims, if made, may harm, directly or indirectly, the Company's business. If the Company is forced to defend claims of intellectual property infringement, whether they are with or without merit or are determined in the Company's favour, the costs of such litigation will be potentially significant and may divert management's attention from normal commercial operations.

Brand Factors

The Company's products and services are sold under a number of brands. The Company's brands and its image are key assets to the Company. Should the brand or image be damaged in any way or lose its market appeal, the Company's business could be adversely impacted.

Third Party Risk

The Company has established a key distribution relationship with the Hardy Wine Company. Any failure by this third party, or any other third parties upon which the Company may rely from time to time for the provision of key services or products, to provide these services or products may adversely affect the success of the Company.

Additional Financing Requirements

The Directors expect that the proceeds of the Offer will provide sufficient capital resources to enable the Company to achieve its stated business objectives. However, the Directors can give no assurances that such objectives will in fact be met without future borrowings or further capital raisings and if such borrowings or capital raisings are required, that they can be obtained on terms favourable to the Company.

Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities.

There is no assurance that the Company will be successful in obtaining finance to satisfy its on-going capital requirements. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations.

4.3 General Risk Factors

Regulatory Risk

The introduction of new legislation or amendments to existing legislation by governments, developments in existing common law, or the respective interpretation of the legal requirements in any of the legal jurisdictions which govern the Company's operations or contractual obligations, could impact adversely on the assets, operations and, ultimately, the financial performance of the Company and its shares. In addition there is a commercial risk that legal action may be taken against the Company in relation to commercial matters.

Unforeseen Expenditure Risk

Expenditure may need to be incurred that has not been taken into account in the preparation of this Prospectus. Although the Company is not aware of any such additional expenditure requirements, if such expenditure is subsequently incurred, this may adversely affect the expenditure proposals of the Company.

Economic Risks

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's activities, as well as on its ability to fund those activities.

Reliance on Key Management

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees ceases their employment.

Management of Growth

There is a risk that management of the Company will not be able to implement the Company's growth strategy. The capacity of management to properly implement and manage the strategic direction of the Company may affect the Company's financial performance.

Loss of Key Clients

The loss of one or more key clients is likely to adversely affect the operating results of the Company.

Share Market

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as general economic outlook, interest rates and inflation rates, currency fluctuations, changes in investor sentiment toward particular market sectors, the demand for, and supply of, capital and terrorism or other hostilities.

4.4 Investment Speculative

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the

financial performance of the Company and the value of the securities offered under this Prospectus.

Therefore, the securities to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those securities.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Shares.

SECTION 5

5. ADDITIONAL INFORMATION

5.1 Continuous Disclosure Obligations

This document is issued pursuant to section 713 of the Corporations Act as a transaction specific prospectus.

Section 713 of the Corporations Act enables companies to issue transaction specific prospectuses where those companies are and have been for a period of 3 months disclosing entities.

The Company is a disclosing entity under the Corporations Act and, as such, is subject to regular reporting and disclosure requirements. As a listed company, the Company is subject to the Listing Rules that require it to immediately notify ASX of any information concerning the Company of which it is or becomes aware and which a reasonable person would expect to have a material effect on the price or value of Shares. The Shares offered pursuant to this Prospectus are of a class that has been continuously quoted on ASX for at least 3 months prior to the date of issue of this Prospectus.

Copies of documents lodged in relation to the Company with the ASIC may be obtained from or inspected at any office of the ASIC.

Information that is already in the public domain has not been reported in this document, other than that which is considered necessary to make this document complete.

The Company will provide a copy of each of the following documents free of charge, to any person on request during the application period in relation to this document:

- (a) the Annual Report of the Company for the financial year ended 30 June 2007 being the most recently lodged with the ASIC;
- (b) the Financial Report for the half year ended 31 December 2007 being the most recent financial report lodged with ASIC by the Company after the lodgement of the Company's 2007 Annual Report and before the lodgement of this Prospectus with the ASIC; and
- (c) any continuous disclosure given by the Company after the lodgement of the 2007 Annual Report and before lodgement of this document with ASIC.

For details of documents lodged with the ASX since the date of lodgement of the 2007 Annual Report refer to the table set out below:

Date	Announcement
29/02/2008	Half Yearly Report and Accounts
26/02/2008	Appendix 3B
30/01/2008	Appendix 4C - quarterly
24/01/2008	Change of Director's Interest Notice
15/01/2008	Change of Director's Interest Notices

11/01/2008	Change in substantial holding
03/01/2008	Change of Director's Interest Notice - Ian Olson
21/12/2007	Appendix 3B - correction
21/12/2007	Notice under Section 708A
21/12/2007	Appendix 3B
19/12/2007	Placement
16/11/2007	Initial Director's Interest Notice x 3
13/11/2007	Chairman and Director Appointment
05/11/2007	CEO's Presentation to Shareholders
05/11/2007	Results of Meeting
01/11/2007	Final Director's Interest Notice
30/10/2007	Appointment of CEO
30/10/2007	Managing Director Resignation
29/10/2007	Becoming a substantial holder
25/10/2007	Final Director's Interest Notice
25/10/2007	Commitments Test Entity - First Quarter Report
25/10/2007	Chairman Resignation
24/10/2007	Ceasing to be a substantial holder
03/10/2007	Reinstatement to Official Quotation
02/10/2007	Annual Report to shareholders

5.2 Consents

The following consents have been given in accordance with the Corporations Act and have not been withdrawn as at the date of lodgement of this Prospectus with the ASIC.

Steinepreis Paganin have given and have not withdrawn its written consent to be named in this Prospectus as the solicitor to the Company.

Computershare Investor Services Pty Ltd has given its written consent to being named the Company's Share Registry in this Prospectus and has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

None of the entities referred to in this Section 5.2 have authorised or caused the Offer of this Prospectus and do not accept any liability to any persons in respect of any false or misleading statement in, or omission from, any part of this Prospectus.

5.3 Directors' Interests and Remuneration of Directors

Other than as set out below or elsewhere in this Prospectus, no Director nor any firm in which such a Director is a partner, has or had within 2 years before the lodgement of this Prospectus with the ASIC, any interest in:

- (a) the promotion or formation of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the offer of securities pursuant to this Prospectus; or
- (c) the offer of securities pursuant to this Prospectus,

and no amounts have been paid or agreed to be paid (in cash or shares or otherwise) to any Director or to any firm in which any such Director is a partner, either to induce him to become, or to qualify him as, a Director or otherwise for services rendered by him or by the firm in connection with the promotion or formation of the Company.

The Directors' interests in Shares and Options at the date of this Prospectus are:

Directors	Shares	Unlisted Options
Mr Ian Olson	414,451	-
Mr Brett Fraser	1,034,667	-
Mr Robert Gould	2,987,176	-
Mr Bill Hoedemaker	5,798,172*	2,200,000*
Mr John Hoedemaker	5,798,172*	2,200,000*
Mr Paul McKenzie	1,100,001	550,000

*Bill Hoedemaker and John Hoedemaker each hold 269,669 shares directly and are both beneficiaries of two discretionary trusts which together hold a total of 5,528,503 shares and 2,200,000 unlisted options.

The Constitution of the Company provides that the Directors may be paid for their services as Directors, a sum not exceeding such fixed sum per annum as may be determined by the Company in general meeting (currently set at \$150,000) to be divided among the Directors and in default of agreement then in equal shares.

Directors, companies associated with the Directors or their associates are also reimbursed for all reasonable expenses incurred in the course of conducting their duties which include, but are not in any way limited to, out of pocket expenses, travelling expenses, disbursements made on behalf of the Company and other miscellaneous expenses.

No non-executive Director shall be paid as part or whole of his remuneration a commission on or a percentage of profits or operating revenue.

If any of the Directors are called upon to perform extra services or make any special exertions on behalf of the Company or its business, the Directors may remunerate this Director in accordance with such services or exertions, and this remuneration may be either in addition to or in substitution for the remuneration provided in the form of directors fees.

The table below sets out the remuneration provided to the Directors of the Company and their associated companies during the last financial year prior to the date of this Prospectus and their current annual remuneration at the date of

this Prospectus, inclusive of directors fees and consultancy fees. The remuneration for executive Directors John Hoedemaker and Bill Hoedemaker is their executive salary composed of the cash component and superannuation.

Director	Year Ended 30 June 2007	Current per Annum
Mr Ian Olson	-	\$50,000
Mr Brett Fraser	-	\$33,000
Mr Robert Gould	-	\$33,000
Mr John Hoedemaker	\$129,808	\$130,800
Mr Bill Hoedemaker	\$136,640	\$130,800
Mr Paul McKenzie	\$28,000	\$33,000

5.4 Interests of Experts and Advisers

Other than as set out below or elsewhere in this Prospectus, no expert or adviser nor any firm in which such an expert or adviser is a partner, has or had within 2 years before the lodgement of this Prospectus with the ASIC, any interest in:

- (a) the promotion or formation of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the offer of securities pursuant to this Prospectus; or
- (c) the offer of securities pursuant to this Prospectus,

and no amounts have been paid or agreed to be paid (in cash or shares or otherwise) to any expert or adviser or to any firm in which any such expert or adviser is a partner, either to induce him to become, or to qualify him as, an expert or adviser or otherwise for services rendered by him or by the firm in connection with the promotion or formation of the Company.

Steinepreis Paganin have acted as solicitor to the Company in relation to the Offer. The Company estimates it will pay them \$7,000 in respect of this work.

5.5 Expenses of the Offer

The estimated expenses of the Offer (excluding GST) are as follows:

ASIC fees	\$2,010
Brokerage Fees	\$170,000
Printing, mailing and other expenses	\$10,225
ASX fees	\$10,765
Legal fees	\$7,000
Total	\$200,000

SECTION 6

6. DIRECTORS AUTHORISATION

6.1 Directors' Authorisation and Consent

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with Section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.



Mr Ian Olson
For and on behalf of
Gage Roads Brewing Co Limited

GLOSSARY

Applicant means an investor who applies for Shares pursuant to the Offer.

ASIC means the Australian Securities and Investments Commission.

ASX means, as the context requires, ASX Limited (ACN 008 624 691) or the Australian Securities Exchange

Business Day means a day on which trading takes place on the stock market of ASX.

Closing Date means the closing date of the Offer, being 5pm (WST) on 14 April 2008 (unless varied by the Directors).

Company or **Gage Roads** means Gage Roads Brewing Co Limited (ACN 103 014 320).

Constitution means the Company's Constitution as at the date of this Prospectus.

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the directors of the Company at the date of this Prospectus.

Dollar or "**\$**" means Australian dollars.

Entitlement and Acceptance Form means the entitlement and acceptance form either attached to or accompanying this Prospectus.

Foreign Shareholder means a person registered as a Shareholder as at the Record Date whose registered address is outside Australia or New Zealand.

Listing Rules or **ASX Listing Rules** means the Listing Rules of ASX.

Offer or **Entitlement Issue** means the non-renounceable entitlement issue of one (1) Share for every one (1) Share held.

Prospectus means this prospectus.

Share means a fully paid ordinary share in the capital of the Company.

Share Registry means Computershare Investor Services Pty Ltd.

Shareholder means a shareholder of the Company.

Shortfall means the Shares (if any) not taken up under the Entitlement Issue.

Shortfall Application Form means the shortfall application form either attached to or accompanying this Prospectus.

WST means Western Standard Time.

INSTRUCTIONS TO APPLICANTS

Please post or deliver the completed Shortfall Application Form together with a cheque to the share registry of the Company, Computershare Investor Services Pty Ltd, GPO Box D182, PERTH WA 6840. If an Applicant has any questions on how to complete this Shortfall Application Form, please telephone the Share Registry on **1300 798 285**. The Form must be received by the Registry no later than **5.00 pm on the date which is 3 months after the Closing Date (or such earlier date as directed by the Company)**.

- A. Application for Shares**
The Shortfall Application Form must only be completed in accordance with instructions included in the Prospectus.
- B. Name of Applicant**
Write the Applicant's FULL NAME. This must be either an individual's name or the name of a company. Please refer to the bottom of this page for the correct form of registrable title. Applications using the incorrect form of registrable title may be rejected.
- C. Name of Joint Applicants or Account Designation**
If JOINT APPLICANTS are applying, up to three joint Applicants may register. If applicable, please provide details of the Account Designation in brackets. Please refer to the bottom of this page for instructions on the correct form of registrable title.
- D. Address**
Enter the Applicant's postal address for all correspondence. If the postal address is not within Australia, please specify Country after City/Town.
- E. Contact Details**
Please provide a contact name and daytime telephone number so that the Company can contact the Applicant if there is an irregularity regarding the Shortfall Application Form.
- F. CHES HIN or existing SRN Details**
The Company participates in CHES. If the Applicant is already a participant in this system, the Applicant may complete this section with their existing CHES HIN. If the applicant is an existing shareholder with an Issuer Sponsored account, the SRN for this existing account may be used. Otherwise leave the section blank and the Applicant will receive a new Issuer Sponsored account and statement.
- G. Cheque Details**
Make cheques payable to "Gage Roads Brewing Co Limited – Entitlement Offer Account" in Australian currency and cross them "**Not Negotiable**". Cheques must be drawn on an Australian Bank. The amount of the cheque should agree with the amount shown on the Shortfall Application Form.
- H. Declaration**
By completing the Shortfall Application Form, the Applicant will be taken to have made to the Company the declarations and statements therein. The Shortfall Application Form does not need to be signed.

If a Shortfall Application Form is not completed correctly, or if the accompanying payment is for the wrong amount, it may still be accepted. Any decision of the Directors as to whether to accept a Shortfall Application Form, and how to construe, amend or complete it, shall be final. A Shortfall Application Form will not however, be treated as having offered to subscribe for more Shares than is indicated by the amount of the accompanying cheque.

Forward your completed application together with the application money to:

**Gage Roads Brewing Co Limited– Entitlement Offer
Account
C/- Computershare Investor Services
GPO Box D182
PERTH WA 6840**

CORRECT FORMS OF REGISTRABLE TITLE

Note that ONLY legal entities are allowed to hold securities. Shortfall Application Forms must be in the name(s) of a natural person(s), companies or other legal entities acceptable to the Company. At least one full given name and the surname is required for each natural person. Shortfall Application Forms cannot be completed by persons under 18 years of age. Examples of the correct form of registrable title are set out below.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual Use given names in full, not initials	Mr John Alfred Smith	J A Smith
Company Use the company's full title, not abbreviations	ABC Pty Ltd	ABC P/L or ABC Co
Joint Holdings Use full and complete names	Mr Peter Robert Williams & Ms Louise Susan Williams	Peter Robert & Louise S Williams
Trusts Use the trustee(s) personal name(s).	Mrs Susan Jane Smith <Sue Smith Family A/C>	Sue Smith Family Trust
Deceased Estates Use the executor(s) personal name(s).	Ms Jane Mary Smith & Mr Frank William Smith <Est John Smith A/C>	Estate of late John Smith or John Smith Deceased
Minor (a person under the age of 18) Use the name of a responsible adult with an appropriate designation.	Mr John Alfred Smith <Peter Smith A/C>	Master Peter Smith
Partnerships Use the partners personal names.	Mr John Robert Smith & Mr Michael John Smith <John Smith and Son A/C>	John Smith and Son
Long Names.	Mr John William Alexander Robertson-Smith	Mr John W A Robertson-Smith
Clubs/Unincorporated Bodies/Business Names Use office bearer(s) personal name(s).	Mr Michael Peter Smith <ABC Tennis Association A/C>	ABC Tennis Association
Superannuation Funds Use the name of the trustee of the fund.	Jane Smith Pty Ltd <Super Fund A/C>	Jane Smith Pty Ltd Superannuation Fund

How to complete the Entitlement and Acceptance Form

Please complete all relevant sections of the Entitlement and Acceptance Form using BLOCK LETTERS in black ink. Note that photocopies will not be accepted. These instructions are cross-referenced to each section of the Entitlement and Acceptance Form.

A Details of your Entitlement based on your Securityholding at 5pm WST on 26 March 2008 are shown in box A on the front of this Entitlement Form.

B New Securities Accepted

You can apply to accept either all, or part of, your Entitlement. Enter in box B the number of New Shares you wish to accept from your Entitlement.

- To accept your Entitlement in full, write in box B the number of New Shares shown in box A as your Entitlement.
- To accept part of your Entitlement only, write in box B the number of New Shares for which you wish to apply.

Please ensure you complete Section B on the top and bottom of the form.

C Acceptance Monies

Enter the amount of Acceptance Monies. To calculate the amount payable, multiply the number of New Shares applied for by the issue price.

Please ensure you complete Section C on the top and bottom of the form.

D Payment Details

Make your cheque or bank draft payable to Gage Roads Brewing Co Limited Entitlement Offer in Australian currency and cross it Not Negotiable. Your cheque or bank draft must be drawn on an Australian Bank.

Complete the cheque details in the boxes provided. The total amount must agree with the amount shown in box C.

Cheques will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques returned unpaid may not be re-presented and may result in your Acceptance being rejected. Paperclip (do not staple) your cheque(s) to the Entitlement and Acceptance Form where indicated. Cash will not be accepted. Receipt for payment will not be forwarded.

E

Contact Details

Enter your contact details. These are not compulsory but will assist us if we need to contact you.

The directors reserve the right to make amendments to this form where appropriate.

This form may not be used to effect an address change. Please contact Computershare Investor Services Pty Limited on 1300 798 285 for an appropriate form, or download a Change of Address Notification form from www.computershare.com.

CHES holders must contact their Controlling Participant

Lodgement of Acceptance

Acceptance Forms must be received by Computershare Investor Services Pty Limited Perth by no later than 5pm WST on 14 April 2008. You should allow sufficient time for this to occur. Return the Entitlement and Acceptance Form with cheque(s) attached to:

Gage Roads Brewing Co Limited
Computershare Investor Services Pty Limited
GPO Box D182
PERTH WA 6840

Neither Computershare Investor Services Pty Limited nor the Company accepts any responsibility if you lodge the Acceptance Form at any other address or by any other means.

Privacy Statement

Personal information is collected on this form by Computershare Investor Services Pty Limited ("CIS"), as registrar for securities issuers ("the issuer"), for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. Your personal information may be disclosed to our related bodies corporate, to external service companies such as print or mail service providers, or as otherwise required or permitted by law. If you would like details of your personal information held by CIS, or you would like to correct information that is inaccurate, incorrect or out of date, please contact CIS. In accordance with the Corporations Act 2001, you may be sent material (including marketing material) approved by the issuer in addition to general corporate communications. You may elect not to receive marketing material by contacting CIS. You can contact CIS using the details provided on the front of this form or E-mail privacy@computershare.com.au

If you have any enquiries concerning your entitlement, please contact Computershare Investor Services Pty Limited on 1300 798 285.

